

---

# CHILD CARE OPTIONS

---





## Contents

<i>The Response of Employers to Changing Social and Economic Environment .....</i>	<i>1</i>
<i>Child Care Benefits .....</i>	<i>2</i>
<i>Resource and Referral Services .....</i>	<i>3</i>
<i>Parent Education .....</i>	<i>4</i>
<i>Dependent Care Assistance Plan .....</i>	<i>5</i>
<i>Flexible Personnel Policies .....</i>	<i>6</i>
<i>Mildly Ill Child Care .....</i>	<i>7</i>
<i>Flexible Benefits Plan .....</i>	<i>8</i>
<i>On-site/Near-site Child Care .....</i>	<i>9</i>
<i>Vendor Program/Contracting for Child Care Slots .....</i>	<i>10</i>
<i>Family Child Care Network (Satellite System) .....</i>	<i>11</i>
<i>The Consortium Model .....</i>	<i>12</i>
<i>Child Care Vouchers .....</i>	<i>13</i>

## **The Response of Employers to Changing Social and Economic Environments**

---

Child care has emerged as a top company benefit with 80 percent of American employers providing some type of child care assistance to their employees. According to a Hewitt Associates study, about 86 percent of employers provide some form of child care benefit. Of the child care options, dependent care assistance plans have proven to be the most popular option and are offered by 97 percent of employers with child care aid. About 40 percent of employers provide resource and referral services, while 13 percent offer sick or emergency child care, a growing trend according to Hewitt. Child care benefits are found in rural and urban companies, in small and large businesses, among both conservative and progressive employers, and not necessarily at firms which are predominately female. Child care benefits make good business sense.

### **Child Care Benefits Take The Form Of:**

---

1. Child Care Resource and Referrals
2. Parent Education
3. Dependent Care Assistance Plans
4. Flexible Personnel Policies
5. Mildly Ill Child Care Programs
6. Flexible Benefit Plans
7. On-site/Near-site Child Care Centers
8. Vendor Programs
9. Family Child Care Networks
10. Consortium Models
11. Child Care Vouchers

## 1. Resource and Referral Services

---

- ¥ Resource and referral (R&R) services provide parents with current information on child care options and openings in their area. Employers interested in implementing an R&R service can do so at a low cost.
- Trained child care counselors locate openings in child care programs for employees and give information on how to select a child care provider.
  - In many cases, R&R services can help parents obtain financial assistance to cover child care costs; educate parents on how to select an appropriate child care center; recruit providers; educate the community on the increasing need for child care services; and, promote quality child care.
  - Another option for employers is “enhanced referral” which provides employees with specific information on child care, such as locale, fees, openings, types of programs, hours, etc. Employers may also contract with the service to provide access to an on-site counselor who can offer guidance and support services.
  - This option might also include parent education workshops offered at the work site during lunch, or other convenient times.
  - Companies may choose to create an in-house service by contracting with an existing organization to provide the service; or, combine resources with other employers for child care.

### ADVANTAGES

#### For Employers:

It is a visible service that is easy to implement  
Services all employees with children of all ages  
Promotes the role of parents by providing them with options in choosing care for their children

#### For Employees:

Eases problems in finding child care  
Parents have options and choices for the care of their children  
Counseling to meet individual needs

### DISADVANTAGES

#### For Employers:

Requires extensive publicity at the worksite  
Costs can multiply if options such as counseling, follow-up, etc., are added  
Depending on follow-up, little control of quality care

#### For Employees:

Unless subsidized, this does not counteract the high cost of child care  
May not directly create new child care options for employees

## 2. Parent Education

---

- Parent education in the form of lectures, classes or discussion groups provides information to employees seeking guidance when dealing with family issues. Many community colleges and other organizations in Washington provide such programs, but are often difficult to access by working parents.
- Employers can sponsor employee seminars on topics such as “How to Choose a Child Care Setting,” “Discipline,” “Time Management for Working Parents,” and other parenting issues. These sessions can be held at the work site during the lunch hour or at other appropriate times or places, and can be organized by a resource and referral service, a group of interested employees, or through employee assistance programs.
- In addition to seminars, there are other options for employers who wish to provide parent education.
- A resource library can be established at the work place with information on community resources, parenting issues, and guidelines for choosing child care.
- Employers may wish to contract with a parent counselor to work on-site for a set amount of time each week.
- A company can publish a “Parenting Newsletter” or contract with a community resource to receive one.

### ADVANTAGES

#### For Employers:

Can help reduce employee stress caused by work-family conflicts  
Produces good employee relations  
Easy to administer at a low cost

### DISADVANTAGES

#### For Employers:

Some employees may be reluctant to discuss personal problems at work

### 3. Dependent Care Assistance Plan

---

- Dependent Care Assistance plan allows a portion of an employee's pre-tax salary to be withheld and deposited into an account set aside for care of a dependent. No more than \$5,000 per year may be withheld; and, this cannot be used in conjunction with a dependent care tax credit. Any money remaining in the account at the end of the year is forfeited.

#### ADVANTAGES

**For Employers:**

Lowers payroll taxes for employer

**For Employees:**

Employees pay no federal taxes on the money withheld from their pay

#### DISADVANTAGES

**For Employers:**

Additional accounting expense

**For Employees:**

If employee does not use all the monies withheld, they cannot recover it

Only benefits employees with incomes of \$25,000 or more per year

## 4. Flexible Personnel Policies

---

- Responsive personnel policies can help working parents meet conflicting demands of family and work. Policies may include:
- Flextime: Employees choose their hours.
- Flexplace: Employees complete all or part of their work at a location other than the normal work site.
- Regular Part-Time: Employees work part-day, part-week, part-month, or part-year.
- Job Sharing: Two employees share a full-time job.
- Personal Leave: Employees use this leave for any personal business, such as caring for sick children, attending school conferences, etc.
- Sick Leave: Parents' sick leave may be used to care for sick children.
- Extended Maternity Leave: Employees have more flexibility to determine when to return to work after the birth of a child.
- Paternity Leave: Fathers may take time off following the birth of a child.
- Adoption Leave: Adoptive parents can take time off following the adoption of a child.

### ADVANTAGES

#### For Employers:

- Reduced absenteeism and turnover
- Hours of business can be expanded with flextime
- Presents an equitable benefit
- Provides a competitive edge for attracting and retaining employees

#### For Employees:

- Enables more flexibility in dealing with child care and parenting issues
- Reduces pressures of commuting

### DISADVANTAGES

#### For Employers:

- Scheduling and planning workflow could be demanding for employer
- Options are not applicable to all jobs

#### For Employees:

- Perception that working part-time on flexible hours will make them less desirable employees
- Does little to expand the child care supply



## 5. Mildly Ill Child Care

---

- Mildly ill child care programs provide care for mildly ill children who are too ill to be allowed to attend their regular child care program. This care may be provided by:
- Family child care homes recruited by the company to care for employees' sick children.
- Hiring nurse's aides to go to employee's homes to care for the sick children.
- Establishing a child care facility which cares for children recently recovering from an illness but not yet ready to return to regular child care.
- Purchasing slots in an already established sick child care facility.

### ADVANTAGES

#### For Employers:

Reduces absenteeism and tardiness

#### For Employees:

Reduces stress and worry associated with inadequate care arrangements

### DISADVANTAGES

#### For Employers:

Usually a high cost service

#### For Employees:

Parents may prefer to remain at home with their sick children

## 6. Flexible Benefits Plan

---

- Flexible benefit or “cafeteria-style” plans allow employees to devise their own benefit package from a list of options. This may include:
- Salary reduction: Employees can request money for dependent care costs be deducted from paychecks before taxes to reduce taxable salary. In addition, the employer pays taxes only on the employee’s reduced gross, resulting in savings to the employers as well. Please see Dependent Care Assistance Plan (3).
- Flexible spending: Unused benefit credits from medical, life insurance, or profit-sharing plans can be exchanged for “flex-dollars” and put into a flexible spending account. This is usually funded through a combination of salary reduction and employer contributions.

### ADVANTAGES

#### For Employers:

Lowers turnover  
Equitable benefit for most employees

#### For Employees:

Child care as a benefit could help employees with child care costs

### DISADVANTAGES

#### For Employers:

Administrative difficulties, i.e., cost involved in altering and administering benefit system

#### For Employees:

It is usually not very helpful to single parents

## 7. On-site/Near-site Child Care

---

- Of all the management options for helping working parents, the most visible and probably the best known is the establishment of a child care center at or near the work place. Employer and employee shares of operational costs vary widely. An employer may:
- Operate the facility and exercise full control; or,
- Contract with an outside organization, non-profit or for-profit, to operate the facility.

### ADVANTAGES

#### For Employers:

High visibility enhances the company's public image  
Best option to reduce absenteeism and turnover as well as aid requirement  
Humanized workplace which increases morale and productivity  
Offers flexibility regarding hours and shift requirements  
Quality of care is easily monitored by company  
Tax credits available

#### For Employees:

Parents spend more time with children commuting and during free periods  
Reduced stress and increased security due to reliable care  
Children learn about parent's work  
Reduced child care fees  
Reduced transportation needs  
Tax credits available

### DISADVANTAGES

#### For Employers:

May require high capital investment  
Needs careful study of health and safety hazards to children  
Not all employees' needs will be met  
Initial enrollment is often less than expected

#### For Employees:

Another form of child care may be preferred  
Rush hour transportation

## 8. Vendor Program/Contracting for Child Care Slots

---

- An employer may reserve a number of spaces in existing child care facilities for employee use. The employer pays the cost of care directly to the care-giver, usually at a discounted rate, but the employer then deducts some or most of the cost from the employee's salary, on a sliding scale or at a flat rate.

### ADVANTAGES

#### For Employers:

- Does not require capital investments or start up costs
- Ideal for small companies with few employees
- With greater financial security, providers can assure supply

#### For Employees:

- Cost of care may be reduced
- Tax credit available
- Increased availability of child care for employees

### DISADVANTAGES

#### For Employers:

- Little public relations value because of low visibility
- Possible to discriminate against some providers in the community
- Requires commitment of spaces by the employers with no guarantee of use by the employee

#### For Employees:

- May not meet the needs of some families
- Child care settings may not be in convenient locations
- Little or no choice in the type of care
- Quality of service varies from center to center

## 9. Family Child Care Network (Satellite System)

---

- A network of family child care homes may be established by an employer or private agency to provide child care for employees. This may include recruitment and training of providers, financial and in-kind support, or arranging for employees to use the services of trained, licensed care givers. The network can be administered by the employer or a private agency. While initial administration may be time-consuming, this option may be most viable for meeting specific needs of employees through recruitment of appropriate care givers. For example, an employer may recruit providers who will agree to accept drop-ins, infants, sick, or special-needs children, or children requiring before and after school care.

### ADVANTAGES

#### For Employers:

Assists in enhancing the quality of child care by training providers and monitoring care  
Limited financial investment for the company

#### For Employees:

Good choice for parents who work shifts, late hours or weekends  
Parents have a choice of locations near their home or work  
Small group or single child setting may be preferred by many employees

### DISADVANTAGES

#### For Employers:

High provider turnover can be a problem  
Homes must be monitored to assure quality of care  
Location and opening will not meet the needs of all employees

#### For Employees:

Child care home may not offer all services needed  
Other forms of child care may be preferred  
quality of care varies from home to home

## 10. The Consortium Model

---

- Any combination of employers, unions, or community organizations may choose to work cooperatively to develop and support a child care center; a network of family child care homes; a mildly ill child care center; a before and after school or summer camp program; or any option, as outlined in this publication.

### ADVANTAGES

#### For Employers:

Resources, cost and liability are shared by several companies  
Employers with small work force can participate  
Large labor pool may prevent underenrollment  
Aids in recruitment; reduced absenteeism and turnover

#### For Employees:

Children may be located close to parents' place of employment  
Assurance of reliable care reduces stress  
Reduced fees  
Tax credits available

### DISADVANTAGES

#### For Employers:

Cooperative agreements may require complicated negotiations  
Labor pool may be so large that it limits service  
Not all employees' needs will be met

#### For Employees:

Site may be inconvenient  
Additional transportation may be needed  
Another form of child care may be preferred

## 11. Child Care Vouchers

---

- A child care voucher system enables a firm to assist employees with child care expenses while allowing the employee a choice of programs. Under this option, the employer issues a voucher to an employee for a predetermined amount or a percentage of the total cost of child care. The employee may use this voucher at licensed programs, and must pay the difference between the value of the voucher and the cost of child care.

### ADVANTAGES

#### For Employers:

- Community image is enhanced
- Beneficial to the employer who has many small locations
- Use of facilities and programs already available in the community is maximized in a non-discriminatory manner
- Minimal management or staff requirements

#### For Employees:

- Reduces cost of child care
- Supports parents' choice
- Serves all children regardless of age
- Flexibility is assumed in terms of location

### DISADVANTAGES

#### For Employers:

- Company has "no control" over the quality of care given
- Can be costly unless limits are placed on eligibility
- Limits on eligibility may cause equity problems

#### For Employees:

- Little is done to increase the number of child care services

**If you have questions about types of benefits or  
want help setting up surveys or a task force,  
call:**

---

*Child Care Advantages  
Small Business Resources  
128 10th Avenue SW  
PO Box 42525  
Olympia WA 98504-2525  
(360) 725-4034*

**For More Information, contact**

---

*The Child Care Facility Fund  
Small Business Resources  
128 10th Avenue SW  
PO Box 42525  
Olympia, WA 98504-2525*

*Phone: (360) 725-4034  
Fax: (360) 586-0873  
E-mail: [gailg@cted.wa.gov](mailto:gailg@cted.wa.gov)*

Small Business Resources is a division of the Washington State Department of Trade and Economic Development. Washington State is an equal opportunity employer.











*Washington State*  
Department of Social  
& Health Services



*child care*  
**ADVANTAGES**

*For more information, contact:*

*The Child Care Facility Fund  
Small Business Resources  
128 10th Avenue SW  
PO Box 42525  
Olympia, WA 98504-2525  
Phone: (360) 725-4034  
Fax: (360) 586-0873  
Email: [gailg@cted.wa.gov](mailto:gailg@cted.wa.gov)*

*Small Business Resources is a division of the  
Washington State Department of Trade and Economic Development.*

*Washington State is an equal opportunity employer.*

**DSHS 22-798(X) (Rev. 7/01)**